

**CITY OF SLATER**

**Independent Accountants' Examination Report**

**For the period  
July 1, 2012 through June 30, 2013**

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# CITY OF SLATER

## Officials

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Gary Halverson	Mayor	Jan 2014
Gene Staples	Mayor Pro Tem	Jan 2014
Ken May	Council Member	Jan 2014
Tim Locker	Council Member	Jan 2014
John Kahler	Council Member	Jan 2016
Steve Ransom	Council Member	Jan 2016
Mary E. Sprouse	City Administrator/Clerk	Indefinite
Frank Feilmeyer	City Attorney	Indefinite



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Accountants' Examination Report

To the Honorable Mayor and  
Members of the City Council:

We have performed an examination of the City of Slater pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Slater for the period July 1, 2012 through June 30, 2013. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2012 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B, and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384, and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.

10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements, and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with the CFC recommended chart of accounts.
13. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
16. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the operations of the City of Slater, the objective of which is the expression of opinions on financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Slater, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Slater and other parties to whom the City of Slater may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Slater during the course of our examination. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bowman and Miller, P.C.*

Marshalltown, Iowa  
November 22, 2013

## **Detailed Recommendations**

**CITY OF SLATER**  
**Detailed Recommendations**  
**For the period July 1, 2012 through June 30, 2013**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:

- (1) Cash – collecting, recording, and reconciling.
- (2) Payroll – recordkeeping, preparation and distribution.
- (3) Utilities – billing, collecting, recording, and depositing.
- (4) Financial reporting – preparing and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its internal control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations and financial reporting should be evidenced by the signature or initials of the reviewer and the date of the review.

- (B) Bank Reconciliations – The cash and investment balances in the City's general ledger were reconciled to the bank and investment account balances throughout the year. However, outstanding variances in the reconciliations were not resolved and unreconciled items continued to be shown on the monthly reconciliations.

Recommendation – To improve financial accountability and control, reconciliation variances should be reviewed and resolved on a timely basis. The City should also work with technical support on timely basis to eliminate amounts continuing to appear on the system's reconciliation that should not be there.

- (C) Financial Reporting – The City's general ledger investment account balances did not agree to the actual investment balances throughout the year.

Recommendation – The City should record interest income on their investments throughout the year when the interest is earned.

- (D) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

The City Council went into closed session on July 23, 2012. The minutes properly documented the reason for the closed session by reference to a specific Code of Iowa exemption, however, there was no documentation of a roll call vote as required by Chapter 21.5 of the Code of Iowa.

Recommendation – The City should take and document in the minutes a roll call vote when entering into and returning from a closed session in order to comply with Chapter 21 of the Code of Iowa.

**CITY OF SLATER**  
**Detailed Recommendations**  
**For the period July 1, 2012 through June 30, 2013**

- (E) Transfers – The City transferred money to and from various funds at the end of the year. However, there was one transfer that was approved but never recorded, and one transfer that was made for a different amount than what was actually approved by the City Council.

Recommendation – The City should review the transfer resolution prior to and after transfers are made to ensure all transfers are recorded and the transfer amount agrees to the amount approved by the City Council.

- (F) Disbursements – Certain disbursements, primarily credit card transactions, were not supported by proper documentation nor was there any indication of approval by proper authority.

Recommendation – Before payment is made, the City should ensure all original receipts are included with the monthly credit card bill along with proper approval from department heads.

- (G) Payroll – The City annually approves a resolution setting wages for the next fiscal year to be effective July 1. However, it was noted that in May and June of this fiscal year, the pool staff were being paid at the new rates approved for fiscal year 2014.

Recommendation – When setting new wage rates, the City should adopt a separate resolution for seasonal pool staff whose wages are effective at the beginning of the pool season instead of at July 1.

- (H) Payment of General Obligation Bonds – During the year, the City refinanced all of its general obligation bonds and notes. The receipt of proceeds from the new lending institution and the payoff of principal and interest on the current general obligation bonds and notes were paid from the Capital Projects Fund. Chapter 384.4 of the Code of Iowa states, in part, “Moneys pledged or available to service general obligation bonds, and received from sources other than property tax, must be deposited into the debt service fund.”

Recommendation – The City should transfer from the Capital Projects Fund to the Debt Service fund for future funding contributions. Payments on the bonds should be made from the Debt Service Fund as required.



## **CITY OF SLATER**

**Staff**

**This audit was performed by:**

**Bowman and Miller, P.C.  
Certified Public Accountants  
Marshalltown, IA 50158**

**Personnel:**

**Nathan P. Minkel, CPA, Partner  
Diana S. Swanson, Staff**